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SUBJECT: Ambassador Attends Symposium Comparing U.S., Chinese Governments

REF A: 09 GUANGZHOU 701; B: GUANGZHOU 44

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11. (U) Summary: Ambassador Huntsman addressed representatives from the Counselor's Office of the State Council of China and the Kissinger Institute at a January 20-22 symposium on similarities and differences between U.S. and Chinese government systems. Speakers from both sides gave comparative views of government structures and reforms, anticorruption efforts, crisis response and the budget process. Chinese speakers highlighted corruption and accountability of government officials as challenges. After the departure of the Ambassador and the Consul General, the symposium, which was held in Sanya, Hainan, moved to Shenzhen, Guangdong, to hear from local leaders about the city's role as a laboratory for government reforms. (See Ref A.) End summary.

#### High Expectations

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12. (SBU) Drawing on his experience as Utah State Governor, Ambassador Huntsman described the complicated relationship between U.S. federal and state governments January 20 to members of the Counselor's Office of the State Council of China -- an advisory body and self-styled think tank responsible for considering issues of national importance. Noting that part of the symposium would be devoted to issues of government crisis response, the Ambassador highlighted his point by saying that while a U.S. state could count on Federal assistance in the event of a disaster, that assistance literally came with a high price tag. Following the Ambassador's remarks, Counselor's Office Director General and Chairman Chen Jinyu said that the Chinese side had high expectations for the Ambassador's contribution to U.S.-China relations during his term.

National-Level Reforms: Six Down, More to Come

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13. (SBU) Wang Lanming, Chair of the Public Administration Society and former Director General of the Central Government Rightsizing Office reviewed the Chinese Central Government's six restructuring reforms over the past 30 years, which took place in 1982, 1988, 1993, 1998, 2003 and 2008. Wang characterized the trend of reform as government loosening its direct control of and participation in economic issues while focusing on providing better public goods and services. Wang predicted that future reforms would focus on streamlining and coordinating the functions of the "super-ministries" produced by the most recent reforms.

14. (SBU) One important element of any new reforms would be assessing their effectiveness, said Wang, who noted that reforms spanned all levels of government. Wang explained that some reforms -- such as those emphasizing rule of law, transparency, impartiality, fairness and accountability -- reflected ongoing legal and social development. Some reforms, on the other hand, came in response to specific incidents, such as the separation and upgrading of the Production Safety Supervision Agency following a spate of coal mine accidents. Wang said that recent reforms seek to hold government agencies accountable for the use of their authority through strengthened supervision by auditing and anticorruption agencies.

#### Anticorruption Efforts still Unsatisfactory

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15. (SBU) The Chinese Government is "determined" to solve the pervasive problem of official corruption, averred Counselor Qiao Zhonghuai, a former Vice Minister of Foreign Affairs responsible for anticorruption in the Foreign Ministry. Echoing some of Wang's remarks, Qiao said the government is now focusing on clarifying officials' duties and associated penalties for nonperformance,

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applying a new practice of circuit inspection, collecting information from the public and examining the experiences of other countries for ideas. Qiao said the corruption problem would remain a long-term and serious challenge for China and that the government's performance in this regard remains unsatisfactory.

16. (SBU) Qiao said that variations in the wealth of China's regions made it problematic to set a country-wide standard for differentiating between gifts and graft. When former Embassy Beijing Legal Attache Ira Belkin noted that the U.S. standard for giving and accepting gifts was to avoid even the appearance of impropriety, a number of representatives from the Chinese side thought such an ideal admirable but also in conflict with China's deep-seated traditional culture of gift-giving.

#### Crisis Response

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17. (SBU) Former Deputy Secretary of Homeland Security Michael Jackson observed that the Department of Homeland Security (DHS), with its conglomeration of old and new government entities, was a U.S. example of a "super-ministry." Jackson's presentation on the mission, creation, and development of DHS prompted Chairman Chen to inquire how quickly threat information could travel through the reporting chain from DHS to the President's office. (The answer: very quickly.) A councilor also asked Jackson how DHS handles internal conflicts between subordinate agencies. Jackson explained how officials at all levels tried to work through disagreements at the lowest possible level, but that an issue could rise, even to the President.

18. (SBU) In a presentation on the relationship between China's central and local governments when responding to a national emergency situation, Counselor Shan Chunchang said that gradual decentralization of administrative authority had worked well in the economic sector, but that such a model was not appropriate for responding to crises. Shan commented that the Chinese Government viewed its experiences with SARS and the Sichuan earthquake as evidence that control of national-level emergency resources should remain centralized. The Chinese side also specifically cited the USG's botched handling of the Hurricane Katrina disaster as another

argument for centralization.

Chinese Financial Data "Should now be Reliable"

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¶9. (SBU) The Chinese government has been tightening its control over its agencies' budgets, especially by centralizing the management of their bank accounts for incomes and expenditures, according to Counselor Feng Xiuhua. Feng said that the government would increasingly scrutinize the efficient use of funds and subject departments to increased supervision from the People's Congresses. Feng said that, in restructuring its budgetary system, the Chinese government had made heavy reference to the design of America's budget, particularly with regard to the management of incomes, expenditures and transfer payments. When former Ambassador to China Stapleton Roy asked about the reliability of Chinese official financial data, Feng acknowledged that the Chinese numbers used to have quality problems. However, as a result of strengthened government control of data reporting, the data should now be reliable, he said. (Note: The conference decamped to Shenzhen January 21-22 for a case study on Shenzhen's reforms. End note.)

Shenzhen

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¶10. (SBU) In Shenzhen, Mayor Wang Rong said his biggest challenge was to make Shenzhen once again the model for China's administrative reforms. Shenzhen Executive Vice Mayor Li Feng and Deputy Secretary General Nan Ling told the symposium participants that the city's most recent reforms clearly defined the government's major functions

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as public service, market supervision and social administration. Moreover, Shenzhen's reforms would consolidate agencies with similar administrative mandates into a smaller number of more efficient agencies; consolidate market supervision functions previously shared by various agencies; and separate authority for policy making, executive and supervisory powers into different organizations. Chairman Chen said that informal research by a number of counselors indicated that the reforms had already shown some positive results, such as improved efficiency in dealing with sensitive land use issues, and that Shenzhen's experience gave him confidence in the future of China's reforms.

Utah-Trained Officials

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¶11. (U) While in Sanya, the Ambassador also met with Hainan government officials who had studied in Utah. The 10 officials studied at the University of Utah's school of public administration during the Ambassador's term as governor. All of the Utah-trained officials demonstrated their English proficiency and discussed how the Utah program had benefitted their careers. The Ambassador also visited the Nanshan Buddhist Cultural Park before departing Sanya for the next leg of his trip in Xiamen, Fujian (ref B).

¶12. (U) This cable was coordinated with Embassy Beijing.

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